

**OFFICIAL
DOCUMENTS**

GRANT NUMBER D074-4P

Financing Agreement

**(Pacific Resilience Project)
(Under the Pacific Resilience Program)**

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

And

SECRETARIAT OF THE PACIFIC COMMUNITY

Dated 2 October , 2015

GRANT NUMBER D074-4P

FINANCING AGREEMENT

AGREEMENT dated 2 October, 2015, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and SECRETARIAT OF THE PACIFIC COMMUNITY (“Recipient”).

WHEREAS: (A) the Recipient, the Participating Countries and the Pacific Islands Forum Secretariat have undertaken to carry out a regional program designed to strengthen climate and disaster resilience in the Participating Countries with financing provided by the Association and other donors; and

(B) the Recipient has requested the Association and the International Bank for Reconstruction and Development (“IBRD”), acting as an implementing entity of the Pilot Program for Climate Resilience (“PPCR”) under the Strategic Climate Fund, to assist in the financing activities related to the project described in Schedule 1 to this Agreement, pursuant to an agreement to be entered into between IBRD and the Recipient (“PPCR Grant Agreement”);

The Association and the Recipient hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to two million seven hundred thousand Special Drawing Rights (SDR 2,700,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are June 1 and December 1 in each year.
- 2.05. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project and the Program. To this end, the Recipient shall carry out the Project through its Geo-Science Division, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) The SPC Treaty has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.
 - (b) The PPCR Grant Agreement has failed to become effective by six (6) months after the Effective Date of this Agreement

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Director General.

6.02. The Recipient's Address is:

Secretariat of the Pacific Community
B/P D5
98848 Noumea, New Caledonia

Facsimile:

+687263818

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at *Noumea* , *New Caledonia* , as of the day
and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Franz R. Drees-Gross

Authorized Representative

Name: *FRANZ R. DREES-GROSS*

Title: *COUNTRY DIRECTOR, EACNF*

SECRETARIAT OF THE PACIFIC COMMUNITY

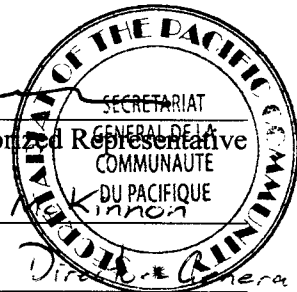
By

Fabian McKinnon

Authorized Representative

Name: *Fabian McKinnon*

Title: *Deputy Director General*
(Programmes)



SCHEDULE 1

Project Description

The objective of the Project is to strengthen early warning, resilient investments and financial protection of the Participating Countries.

The Project is part of the first phase of the Program, and consists of the following parts:

Part 1: Strengthening Early Warning and Preparedness

- (a) Developing operational hazard models for forecasting of impacts of extreme events including tropical cyclones, storm surges, flooding at sub-national level, and incorporating said models into the Participating Countries multi-hazard warning platforms.
- (b) Carrying out a program of activities designed to strengthen the preparedness and response capacity within each of the Participating Countries for climate and disaster-related emergencies, including provision of technical assistance and advisory services required to support early warning and preparedness activities and development of a platform to provide access to the range of knowledge, training and education material on early warning and preparedness.
- (c) Carrying out a program of activities designed to enhance the capacity of the Recipient for undertaking post disaster needs assessments.

Part 2. Risk Reduction and Resilient Investments

- (a) Carrying out a program of activities designed to strengthen multi-hazard spatial risk data and information systems, including development of modern digital information and data decision support systems/tools.
- (b) Carrying out a program of activities designed to test and apply decision support systems for resilient planning and investments at the national level.
- (c) Developing decision making tools for integrated community based approaches to resilience for disaster, risk and climate change.
- (d) Developing effective and innovative processes to share knowledge and information with the Participating Countries.

Part 3. Program/Project Implementation Support

Carrying out a program of activities designed to strengthen the capacity of the Recipient for: (a) implementation of the Project; and (b) provision of implementation support to the Participating Countries, including establishment and maintenance of a program support unit.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Geoscience Division

The Recipient shall vest overall implementation responsibility for the Project in its Geoscience Division. To this end, the Recipient shall ensure that the Geoscience Division is maintained, throughout the Project implementation period with adequate resources, terms of reference and qualified and experienced staff in adequate numbers, all satisfactory to the Association.

2. Program Support Unit

The Recipient shall, by not later than four (4) months after the Effective Date, establish, within its Geoscience Division, and thereafter maintain, throughout the Project implementation period, a program Support Unit ("Program Support Unit" or "PSU"), with terms of reference and resources, including qualified and experienced staff in adequate numbers, all satisfactory to the Association, to be responsible for, *inter alia*, overseeing day to day implementation of the Project, providing technical and fiduciary support for the implementation, monitoring and evaluation of regional activities under the Program, providing technical support to the Participating Countries for joint procurement processes and national level procurement, as well as providing implementation support to the Participating Countries as needed.

3. Service Agreement

- (a) The Recipient shall by not later than four (4) months after the Effective Date, enter into and maintain throughout the Project implementation period, a service agreement ("Service Agreement") with each of the Participating Countries, under terms and conditions acceptable to the Association pursuant to which the Recipient, through the PSU, shall provide technical, fiduciary, procurement, monitoring and implementation support to the Participating Countries.
- (b) The Recipient shall exercise its rights under the Service Agreement in such manner as to protect the interests of the Recipient and the Association, and to accomplish the purposes of the Financing, and except as the Association shall otherwise agree in writing, not assign, amend, abrogate or waive the Service Agreement or any provision thereof.

B. Letter of Understanding

To ensure effective coordination of the Program at regional level, the Recipient shall, by not later than four (4) months after the Effective Date, enter into a letter of understanding with PIFS in form and substance acceptable to the Association, setting forth, inter alia, arrangements of the Recipient and PIFS for cooperation in the planning, implementation and reporting of the Program activities, including the respective coordination roles and responsibilities of the parties, and the main monitoring indicators for the Program.

C. Project Operations Manual

1. The Recipient shall prepare, by not later than four (4) months after Effective Date, and thereafter adopt a Project Operations Manual, setting forth the arrangements and procedures for the implementation of the Project, including: (a) institutional arrangements for day to day execution of the Project; (b) the procurement plan and implementation arrangements; (c) budgeting, disbursement, and financial management arrangements; and (d) project monitoring, reporting, and evaluation arrangements.
2. The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual, and except as the Association shall otherwise agree in writing, not amend or waive, or permit to be amended or waived, any provision of the Project Operations Manual.
3. In the case of any inconsistency between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Annual Work Plans

1. The Recipient shall prepare and furnish to the Association by not later than September 30 of each year (beginning from September 30, 2016) during the implementation of the Project (or such later date as the Association may agree) for the Association's no-objection, an Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures, proposed to be included in the Project in the following calendar year, including a specification of the source or sources of financing for all Eligible Expenditures.

2. The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plan and Budget accepted by the Association for the respective calendar year; provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall not make or allow to be made any change to the Annual Work Plan and Budget without the Association's prior no-objection in writing.

F. Safeguards.

The Recipient shall ensure that:

- (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with the Association's environmental and social safeguards policies and requirements; and
- (b) in drafting any regulations, guidelines or corporate procedures and carrying out capacity building activities under the Project, due attention is given to said policies and requirements.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association and set forth in the Project Operations Manual. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

2. Mid-term Review

The Recipient shall: (a) by not later than December 31, 2017 (or such other date as the Association may agree in writing), carry out a mid-term review of the Project and, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the

Association such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than nine (9) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) Shopping; and (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this

Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Training, and Incremental Operating Costs for the Project	2,700,000	100%
TOTAL AMOUNT	2,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 300,000 may be made for payments made prior to this date but on or after April 1, 2015, for Eligible Expenditures.
2. The Closing Date is November 30, 2020.

APPENDIX

Section I. Definitions

1. “Annual Work Plan and Budget” means each annual work plan, together with the related budget and updated procurement plan, for the Project accepted by the Association pursuant to the provisions of Section I.E of Schedule 2 to this Agreement; as the said plan and budget may be modified from time to time with the prior written no-objection of the Association.
2. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
5. “Geoscience Division” means the division responsible for delivery of geoscience services of the Recipient, and any successor thereto.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
7. “Incremental Operating Costs” means reasonable costs of incremental eligible expenditures incurred by the Recipient in the implementation of the Project, which expenditures would not have been incurred absent the Project, including the costs of consumables, operation, maintenance, and/or rental of equipment and vehicles; communication costs; information and communication campaigns; membership of relevant professional institutions and international organizations in the disaster and risk sector; and per diem and travel costs for the Recipient’s staff on account of Project implementation, management, and supervision.
8. “Pacific Islands Forum Secretariat” or “PIFS” means the inter-governmental organization established in 1971 pursuant to the Agreement Establishing the Pacific Islands Forum.
9. “Participating Countries” means the Independent of State of Samoa, the Republic of Vanuatu, the Republic of the Marshall Islands and the Kingdom of Tonga, and any other countries that may join the Program.

10. “PPCR Grant” means, an amount of \$5,794,000, to be provided by the PPCR to assist in financing the Project.
11. “PPCR Grant Agreement” means the agreement to be entered into between the IBRD, acting as implementing entity of the PPCR, and the Recipient, providing for the PPCR Grant.
12. “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
13. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 9, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. “Program” means the Pacific Resilience Program (PREP), which is a series of projects, to be financed by the Association and other donors, designed to strengthen early warning, resilient investments and financial protection of Participating Countries.
15. “Secretariat of the Pacific Community” or “SPC” means inter-governmental organization established pursuant to the Canberra Agreement of 1947 (establishing the South Pacific Commission, as the Recipient was previously called).
16. “SPC Treaty” means the Canberra Agreement of 1947.
17. “Training and Workshops” means the reasonable cost of expenditures incurred by the Recipient, based on terms of reference acceptable to the Association, in facilitating, conducting, and/or undertaking domestic and overseas training and workshop activities under the Project, including: costs of training or workshop materials; equipment and venue rental; and per diem, accommodation, and transportation for those attending the training or workshop, honoraria for trainers.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 2.06 is modified to read as follows:

“Section 2.06. *Financing Taxes*

The use of any proceeds of the Financing to pay for Taxes levied by, or in the territory of, the Member Country on or in respect of Eligible Expenditures, or

on their importation, manufacture, procurement or supply, if permitted by the Financing Agreement, is subject to the Association's policy of requiring economy and efficiency in the use of the proceeds of its credits and grants. To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Financing specified in the Financing Agreement, as required to ensure consistency with such policy of the Association."

3. Sections 3.03, 3.04 and 3.08 are deleted in their entirety, and Sections 3.05, 3.06, 3.07, 3.09 and 3.10 are re-numbered, respectively, as Sections 3.03, 3.04, 3.05, 3.06 and 3.07.

4. Paragraphs (b) and (c) of the newly re-numbered Section 3.07 are modified to read as follows:

"(b) All Financing Payments shall be paid without restrictions of any kind imposed by, or in the territory of, the Member Country, and without deduction for, and free from, any Taxes levied by, or in the territory of, the Member Country.

(c) The Legal Agreements shall be free from any Taxes levied by, or in the territory of the Member Country, or in connection with their execution, delivery or registration."

4. In Section 4.11, paragraph (a) is modified to reads as follows:

"Section 4.11. *Visits*

"(a) The Recipient shall take all action necessary or useful to ensure that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Financing or the Project."

5. Section 5.01 is deleted in its entirety.

6. Section 6.02 is modified as follows:

(a) Paragraph (j) on *Membership* is modified to read as follows:

(j) *Membership.* The Member Country or any member of the Recipient: (i) has been suspended from membership in or ceased to be a member of the Association; or (ii) has ceased to be a member of the International Monetary Fund."

- (b) Paragraph (m) is renumbered as paragraph (n), and a new paragraph (m) is added to read as follows:

“(m) *Interference.* The Member Country: (i) has taken or permitted to be taken any action which would prevent or interfere with the execution of the Project or the performance by the Recipient of its obligations under the Financing Agreement; or (ii) has failed to afford a reasonable opportunity for representatives of the Association to visit any part of its territory for purposes relating to Financing or the Project.”

- 7. Paragraph (a) of Section 8.01 is modified to read as follows:

“(a) The execution and delivery of each Legal Agreement on behalf of the Recipient which is a party to such Legal Agreement have been duly authorized by all necessary corporate action.”

- 8. The Appendix (**Definitions**) is modified as follows:

- (a) Paragraph 29 is modified to read as follows:

“29. “Foreign Expenditure” means an expenditure in the Currency of any country other than the Member Country for goods, works or services supplied from the territory of any country other than the Member Country.”

- (b) Paragraph 33 is modified to read as follows:

“33. “Local Expenditure” means an expenditure: (a) in the Currency of the Member Country; or (b) for goods, works or services supplied from the territory of the Member Country; provided, however, that if the Currency of the Member Country is also that of another country from the territory of which goods, works or services are supplied, an expenditure in such Currency for such goods, works or services shall be deemed to be a Foreign Expenditure.”

- (c) A new paragraph 34 with the definition of Member Country is added to read as follows, and the subsequent paragraphs are renumbered accordingly:

“34. “Member Country” means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions. If such activity is carried out in the territory

of more than one such member, “Member Country” refers separately to each such member.”